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C O N F I D E N T I A L ANKARA 003900

SIPDIS

STATE FOR CBED AMBASSADOR MANN

E.O. 12958: DECL: 07/12/2014

TAGS: [ENRG](#) [EPET](#) [ETRD](#) [ETTC](#) [IR](#) [TU](#)

SUBJECT: MFA DISPUTES REPORT THAT TURKEY AND IRAN AGREED ON
GAS EXPORTS TO EUROPE

REF: ANKARA 3336

Classified By: Econ Counselor Thomas Goldberger for reasons 1.4
(b) and (d)

1. (U) According to a report carried by the Turkish online news service Zaman and several Iranian news outlets, Iran has offered to reduce the price of its natural gas exports to Turkey if Turkey agrees to facilitate the transport of Iranian gas to Europe. The report added that the deal was reached last week in Turkey during the visit of Iranian Oil Minister Zengene. Meeting with Econoffs July 12, MFA Energy DDG Hakki Akil denied that Turkey had reached any deal with Iran involving Iranian gas exports to Europe and called the press reports "disinformation."

2. (C) Comment: This is not the first time we have seen reports of deals with Iran that have proved false. It is likely that this report is false, as well. But we would not be surprised if there was a germ of truth -- at least that the Iranians made the offer. Turkish officials have been seeking a price reduction, similar to the one they got from Gazprom, but with little success. Turkish officials have repeatedly told us how difficult and unreasonable the Iranian have been in these discussions.

3. (C) Over the past months in our conversations with Turkish energy officials, it has become clear that they are under increasing pressure from Iran and Europe to allow Iranian gas to transit Turkey to Europe, and they are concerned about the U.S. reaction. (As reported reftel, Energy Minister Guler asked Ambassador Edelman June 8 for information about ILSA and how it would impact Turkey's role as a transit country.) The sweetener of a price reduction -- something that the GOT desperately wants to fulfill populist campaign pledges to reduce energy prices -- will up the ante considerably. Akil said that although Turkey is not now obligated under the Energy Charter to allow the transit of Iranian gas, one day Turkey will succumb to European and Iranian political pressure unless an alternative supply source -- such as Turkmenistan -- is found to satisfy Europe's demand.
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